

EXHIBIT “D”



MSW
ADJUSTMENT GROUP, INC.

September 24, 2008

Tower Insurance Company of New York
120 Broadway, 31st Floor
New York, NY 10271-3199

Attention: Joanne Peterson

RESERVE UPDATES ADDRESSED

ADJUSTER'S PRELIMINARY REPORT

For the sole consideration of Addressee - Privileged

Report Number	: 1
Our Reference	: 08237-01
Your Reference	: Please Advise
Writing Company	: <i>Tower Insurance Company of New York</i>
Insured	: Hyacinth J. Simms
Location of Loss	: 624 Powells Lane, Westbury, NY 11590
Type of Loss	: Fire
Policy Number	: HOT2125321
Policy Term	: 12 Months Commencing September 20, 2007
Date of Loss	: August 22, 2008

ESTIMATE OF DAMAGE**Building****Reserve: \$350,000.00****Additional Coverage - Building Debris Removal****Reserve: \$30,000.00****Contents****Reserve: \$150,000.00****Additional Coverage - Contents Debris Removal****Reserve: \$10,000.00****Loss of Use****Reserve: \$30,000.00****COVERAGE**

Coverage is provided by *Tower Insurance Company of New York* pursuant to policy number HOT2125321 which is a Personal Lines Policy subject to the April 1991 edition of the HO-3 homeowners form. The policy provides Replacement Cost coverage for your insured's dwelling on an all-risk basis subject to a \$425,000 limit of liability and 80% insure to value requirement. As you will see in the risk caption of this report, the insured is in compliance with the ITV clause of the policy. The policy deductible is \$1,000.00. Contents coverage is provided on an ACV basis for named perils subject to a \$212,500 limit. The applicable peril is fire. Loss of Use is subject to an \$85,000 limit. The loss occurred during the twelve-month policy term that commenced September 20, 2007.

We are unaware of any other coverage benefitting your insured.

RISK



The Insured Risk

The insured on the policy is Hyacinth Simms who resides at the premises with her three children. No portion of the risk is held for rental by your insured. We met with your insured on the day we received this assignment with two of her three children. Shortly thereafter, the insured retained the public adjusting services of Jarrod Fisher of Affiliated Adjustment Group. Although the insured has confirmed Mr. Fisher's representation, our office has yet to receive his retainer.

The insured risk is a split-level two-story, free-standing, owner-occupied, wood-frame residential dwelling built in 1953 and measuring approximately 2,650 square feet. It features a multi-pitched asphalt shingled gabled roofing system, an attached garage, shingle siding and slab construction. It also features four bedrooms and three baths. The dwelling has been owned by your insured since March 1986. Attached is our building valuation estimating replacement cost at \$317,199.00.

Preliminary indications are that this fire originated on the ground floor of the building in equipment or wiring serving a fairly recently installed hot-tub. The insured informed that the hot-tub never functioned correctly and was only used once or twice since installation. Russo and Associates is working with the insured to determine the manufacturer and installer of the hot-tub and to secure all documentation from the insured.

LEGAL INTEREST

The insured has retained Jarrod Fisher of Affiliated Adjustment Group as Public Adjuster. **The insured informed that the mortgagee listed on the policy is not current.** The current mortgagee is Citimortgage. We are unaware of any other parties with an interest in this claim.

CAUSE OF LOSS

The cause of this loss is fire which originated within an interior partition wall between the first floor



Partition Wall of Origin

(below grade) bath containing the hot-tub and the ground-floor dining room. The fire occurred while you insured was at home eating dinner. Preliminary information from Russo & Associates is that the fire was electrical in nature and likely related to equipment or wiring for the hot-tub. We understand that Russo & Associates is reporting directly to Tower. Therefore we will not comment further regarding the cause of loss.

SUBROGATION

Since *Russo & Associates* is reporting directly to *Tower*, we not will comment upon any subrogation potential. The cause and origin investigator is attempting to secure documentation relating to the purchase and installation of the hot-tub directly from the insured.

SCOPE OF DAMAGE



2nd Floor Hallway

Fire originated in the interior partition wall between the first-floor bath and ground floor dining room causing very heavy smoke and water damage throughout the entire interior of the dwelling. Although we did not have access to the attic at the time of our inspection, we have since been told by our builder that the roof framing was charred throughout and required replacement. No visible damage to the roof was observable from the exterior during our inspection other than venting and the subsequently discovered damaged accounts for our recommended reserve increase

for the building. Due to the extent of water and smoke damage throughout, the entire interior of the risk is essentially a gut. All drywall, carpet, electrical fixtures and appliances have been saturated and infiltrated by heavy smoke. Direct damage from fire was sustained to some interior framing, and as noted, much of the roof framing.



2nd Floor Bedroom

We have retained CJ Rubino & Company as builder and await Mr. Rob Rubino's report which we expect shortly. In the interim, we recommend that you maintain the reserve posted on page two of this report.

Damage to contents was very similarly affected by water and smoke. Little damage was sustained by direct flame exposure, however damage to contents was considerable. Based upon your authority, we retained Enservio to inspect, inventory and price

the insured's damaged personal property. Their report was expected today, yet it has not been received at the time of this writing.

LOSS OF USE

The insured has rented a comparable house in Westbury as the risk is not inhabitable. As of this writing, we do not have a copy of the lease agreement or terms from the insured. The insured had requested that we allow the rental of multiple apartments in order to save on her children's commuting time to college and work. We refused, informing that we would only pay for a comparable residence accommodating a similar lifestyle. The PA has yet to secure the rental information from the insured. In addition to the house rental, the insured has rented modest furniture as the furniture in the risk is not useable. Rubino has estimated a physical period of restoration of 6 months.

EXPERTS

Pursuant to your instructions, we retained *CJ Rubino & Associates* as builder, *Russo & Associates* as Cause and Origin investigator, and *Enservio* for contents estimating. We understand that the first two will bill Tower directly. Upon receipt of the Enservio invoice, we will forward it to Tower under separate cover.

RECOMMENDATIONS

The public adjuster has yet to submit the insured's claim at this writing. During a conversation with Mr. Fisher, he has advised that the insured has been slow in providing information to his office but that he will step up his efforts so that he can prepare his claim documentation. We expect our building and contents estimates from Rubino and Enservio very shortly. In the interim, we recommend that you modify your reserves as outlined on page two of this report.

Should you have any questions, please contact the undersigned at (646) 336-9380 or at kstevenson@mswclaims.com.

Very truly yours,

MSW ADJUSTMENT GROUP

Kenneth Stevenson
Partner

Enclosures: Photographs
 Building Valuation

Building Valuation Report

Property Owner:	Hyacinth J. Simms	Policy Number:	HOT2125321
Property Address:	64 Powells Lane	Date:	08/27/2008
	Westbury, NY 11590	Appraiser:	Kenneth Stevenson
Phone Number:		Phone Number:	(646)336-9384

Building Description

Category: Residential	Stories: 2
Type: Single Family Residences - Wood Frame	Year Built: 1953
Sub-Type: 8 Corners	
Area: 2643 Sq. Ft.	Economic Age: 48

Building Component	General Description	Approximate Value
Foundation	Conventional crawl-space, footing depth to 30".	\$21,681.93
Framing	Wood frame with complex roof plan.	\$59,450.45
Exterior Finish	Hardwood or shingle or minimum quality stucco.	\$21,448.79
Windows and Doors	Average quality insulated aluminum or wood windows.	\$12,871.62
Roofing	Minimum shingle or built-up with rock cover or good quality composition shingle roof.	\$16,319.73
Interior Finish	Taped and textured gypsum wallboard, some wallpaper. Good quality lighting fixtures. Insulated prefabricated metal fireplace with masonry veneer.	\$44,063.28
Flooring	3/8" hardwood or medium-cost carpet in most rooms, vinyl or resilient tile in remaining rooms.	\$13,055.79
Bathrooms	2 bathrooms, usually back to back, resilient tile floor, plastic coated hardboard or fiberglass around shower and over tub. 4' laminated plastic pullman in each bath.	\$3,497.09
Kitchen	12 linear feet of low cost hardwood veneer cabinets and laminated plastic counter. Low-cost built-in oven, appliances, garbage disposer and range hood.	\$20,049.96
Plumbing	8 or 9 average quality fixtures.	\$22,381.35

Total Components Value: \$234,819.99

Construction Additions to the Building

1	Basement. Finished (1 of 930SF @ \$48.45/SF)	\$45,062.36
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Total Construction Additions: \$45,062.36

Building Systems and Equipment

1	Heating and Cooling Equipment - Single Family Residences. Circulating hot and cold water system, Perimeter Outlets. (1 of 2643SF @ \$12.79/SF)	\$33,803.97
2	Furnaces, Floor and Wall. Thermostat control (2 @ \$203.67)	\$407.33
3	Furnaces, Floor and Wall. Dual floor unit (1 @ \$1,956.00)	\$1,956.00
4	Appliances. Drop-in type, gas or electric range with single oven below. (1 @ \$1,149.00)	\$1,149.00

Valuation costs include labor and materials, normal profit and overhead as of the date of the printing of the 2007 Craftsman Building Cost Manual. Costs are provided by Craftsman Book Company and represent general estimates which are not to be considered a detailed quantity survey. These costs include generalities and assumptions made by Craftsman and this software company that are common to the types of structures represented in the software.

Building Valuation Report (Cont.)

Property Owner: Hyacinth J. Simms
Property Address: 64 Powells Lane
Westbury, NY 11590
Phone Number:

Policy Number: HOT2125321
Date: 08/27/2008
Appraiser: Kenneth Stevenson
Phone Number: (646)336-9384

Total Building Systems and Equipment: \$37,316.30

Replacement Value:	\$317,198.66
Replacement Sq. Ft. Value:	\$120.01
Depreciation (53.00 %):	\$168,115.29
Actual Cash Value:	\$149,083.37
Actual Cash Sq. Ft. Value:	\$56.41

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